Scholarly Scolard gets plaudits

The most widely praised contribution come from civil servant Niall Scolard from the Insurance Section of the Department of Industry and Commerce.

Under the heading "The forces of change", he provided a thorough overview of legislative and commercial developments in the Irish market, setting out clearly the principles that guide the government: "Intervention in the affairs of the insurance industry is intended to assist in maintaining the security, profitability and efficiency of the business in the interests of policy-holders; it is not intended to be unnecessarily inhibiting or restricting on the sector".

He explained the purpose of the Insurance Bill currently at its committee stage in the Seanad (the upper house of the Irish Parliament): "The Insurance Bill has three basic objectives: first, to strengthen the department's legislative powers in relation to the supervision of insurers; second, to take what are essentially reserve powers to regulate commission payments to intermediaries where the policy-holders' interests so require; and, third, to introduce a form of insurance regulation for intermediaries."

The Bill stops short of polarisation along the lines of the UK life market but does propose a framework of regulation for all intermediaries with an intermediary category of financial agent who is tied to no more than four life and four non-life companies. All affiliations and his status will have to be displayed clearly on his letterhead.

Mr Scolard explained the thinking behind stopping short of polarisation: "This is not considered appropriate at present in an Irish context for demographic and geographic reasons, and having regard to the existing market reality here insofar as the selling of insurance is concerned. Nevertheless, polarisation is probably a process which will evolve over time of its own accord. With increasing insurance awareness and sophistication, the public will rely less and less on part-time operators and will turn increasingly to full-time professional advisers."

Commenting on how the Irish insurers should face up to the challenge of 1992, Mr Scolard stepped firmly into the world of commercial reality when he told his audience that to compete successfully at home and overseas in the non-life market "there is a need to combine resources to meet the challenge and exploit the opportunities properly. The state has a productivity and the assurance of a strong and competitive insurance industry in Ireland and therefore demands the insurance industry should prepare properly for the coming challenge in this area."

He said that any attempt to stop the creation of financial conglomerates by statute would amount to "trying to turn back the tide of social change and modern day market realities".

The role of the regulator was to ensure that the market was transparent and fair and that the consumer was protected. He said that these were the factors that would ensure the life insurance industry was seen as a stable and attractive industry.

Matson is honoured

The Secretary-General of the Insurance Institute of Ireland, Douglas Matson was signified honoured at the annual conference of the Institute when he was the recipient of only the second presentation of the Institute's Sargison Award in 30 years.

The award is made to honour a published work of outstanding merit and distinction, and was presented to Mr Matson by the outgoing President, Dermot Ryan.

Europe gets green light

Gerry Ryan, managing director of Church and General Insurance, said that the Irish insurance industry had made a significant contribution to the success of the European countries that have strong, expanding and exporting economies also have strong, expansive and exporting insurance industries. It is worth noting that in these countries the domestic or national insurers have a very strong hold on the local domestic market and have a very strong base on which to launch their competition. We in Ireland on the other hand have a weak, though improving, economy and we have a weak insurance marker and accordingly a weak base on which to launch ourselves to Europe."

"Clearly, we will have to provide a better service to our domestic market and examine new ways of strengthening our domestic base. We must cultivate an international outlook and look outside our own shores for new sources of business."

Unit trust rules push

The life assurance industry's view on the future of Irish insurance was put by John Brindle, Standard Life.

He outlined some of the many regulatory changes currently taking place in the UK and the impact that these will have on the industry, but in doing so he drew out some important lessons for the Irish industry: "I would be the last person to claim that the regulatory route taken in the UK is ideal but I would certainly suggest that the relative absence of guidelines in the Irish market could allow the development of undesirable practices. Given the potential for a breach of the public interest, it is incumbent on both the government to consider that a review of unit trust legislation is undertaken as a matter of urgency to allow Irish companies to gain experience in this area."

It is a rare conference that draws universal praise among its delegates for the quality of the papers presented and the discussions. But this was the achievement of the Insurance Institute of Ireland's conference without unnecessarily inhibiting or restricting on the sector."

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Gerry Ryan, managing director of Church and General Insurance, said that the Irish insurance industry has neither the wealth nor the resources of many of the European insurance industries," Mr Ryan told the delegates. "Up to relatively recently we have had a totally protected insurance industry in Ireland, compared to the open markets in Europe. European countries that have strong, expanding and exporting economies also have strong, expansive and exporting insurance industries. It is worth noting that in these countries the domestic or national insurers have a very strong hold on the local domestic market and have a very strong base on which to launch their competition. We in Ireland on the other hand have a weak, though improving, economy and we have a weak insurance marker and accordingly a weak base on which to launch ourselves to Europe."

"Clearly, we will have to provide a better service to our domestic market and examine new ways of strengthening our domestic base. We must cultivate an international outlook and look outside our own shores for new sources of business."

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President stresses education

The incoming President of the Institute, broker Jack O’Sullivan, said that the Institute took great pride in its educational achievements.

"Over the past few years our performance has been consistently higher, albeit by a few points, than that in the UK. Ireland's first insurance graduates will emerge from the National Institute of Higher Education in Limerick in June of next year having completed the course into which this Institute has had a direct input in organising. There were in excess of 1200 students entered for our own CII examinations last month, an increase of over 20% on the previous year. Very definitely an all round satisfactory situation, achieved I might add from within the Institute's own resources", O'Sullivan said at the annual dinner. Earlier at the AGM, Douglas Marson had reported that the Institute was about to start examining the question of exemptions from CII exams for graduates who had completed the Limerick degree.

The new tutorial system was reported to be working well.

Plea for stability

The brokers' view was forcefully put by Hamish Ritchie, chairman and chief executive of Bowring UK.

Underlying his remarks was a concern for the impact of the underwriting cycle on the industry. Like Niall Scollard, Mr. Ritchie believed that much of the premium income lost to the industry through greater self-insurance would not return. A large part of the blame for this had to be put at the feet of the insurers: "Our clients prefer stability to the rollercoaster approach", he told delegates.

Dundalk OK

The proposal to upgrade to north eastern centre of the Dublin Institute to the Insurance Institute of Dundalk was approved at the annual general meeting.

The proposal will now go forward to the Chartered Insurance Institute's conference in Harrogate at the end of September. The Institute's secretary general, Douglas Marson, said that there would have to be some restructuring of the Irish Institute's council to ensure that it did not become too cumbersome as the result of the addition of another institute.

Irish Re proposed

The centre-piece of Professor Henry Ellis's detailed analysis of the progress on the legislative front in Europe was a proposal to create an Irish Reinsurance Company.

"A look at the Irish direct and retail non-life insurance market reveals a staggering total of €1.256 billion insurance business bought by this market in 1986, nearly €200m of which was purchased by Irish head office insurers. Irish head office insurers sold only €291m of reinsurance in 1986.

"The amount of reinsurance ceded by non-life insurers at present should give the right reassurance organisation, if not market control, then at least some market influence in attracting new reinsurance business inwards. Given the nature of international reinsurance markets, I think the way to seek such business would be by the formation of a substantial Irish "pure" reinsurance company", said Professor Ellis. This could be based in the new International Financial Services Centre in Dublin.

Professor Ellis said that he hoped that an enterprising promoter for this scheme could be found from within the Irish insurance industry.